

**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765**

REVIEW REPORT
OF
INDIANA DEPARTMENT OF LABOR
STATE OF INDIANA
March 1, 2001 to March 31, 2004



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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Commissioner	Mr. John Griffin Ms. Nancy Guyott	12-20-99 to 01-12-03 01-13-03 to 01-10-05



STATE OF INDIANA

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF INDIANA DEPARTMENT OF LABOR

We have reviewed the receipts, disbursements, and assets of the Indiana Department of Labor for the period of March 1, 2001, to March 31, 2004. Indiana Department of Labor's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Indiana Department of Labor are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

July 1, 2004

INDIANA DEPARTMENT OF LABOR
REVIEW COMMENTS
March 31, 2004

COMPENSATORY TIME

In our review of the accrual, tracking, and use of compensatory time, we found that the Employee Compensatory Time Worksheets (State Form 42386) are not submitted with the employee's attendance reports, as required by Financial and Management Circular 87-2.1.

Each agency, department, institution or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

APPROVAL OF FORMS

We noted that the Indiana Department of Labor is using forms which have not been approved by the State Board of Accounts. The forms are used by the agency to invoice companies for BUSET books and to request education assistance.

Indiana Code 5-11-1-2 states in part: "The state board of accounts shall formulate or approve all statements and reports necessary for the internal administration of the office to which they pertain."

INTERNAL CONTROL OVER REVENUE COLLECTIONS

Our testing of revenue collections revealed the following deficiencies in the internal control structure:

- (1) BUSET office did not send the appropriate copies of the receipts to the accounting office.
- (2) BUSET office did not issue the original copies of the receipts to the payors.

Each agency, department, institution or office should have internal controls in effect, which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are part of an internal control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

INDIANA DEPARTMENT OF LABOR
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2004, with Ms. Nancy Guyott, Commissioner, and Mr. David Finnegan, Controller. The Commissioner indicated that she planned to file a written response; however, no response was received.